



GADD SMP FUND

Monthly Report

April 2024

NAV CHF 2'202.25*

Inception date 05.04.2011 = CHF 1'000

* at 30.04.2024

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2015	0.8%	4.4%	-0.4%	1.9%	-0.7%	-4.4%	0.7%	-2.5%	-0.5%	4.0%	1.0%	1.4%	5.3%
2016	-4.9%	1.3%	2.0%	3.4%	3.6%	-5.0%	3.2%	2.4%	2.1%	0.1%	-2.4%	2.3%	7.7%
2017	0.8%	2.8%	-2.9%	3.8%	1.2%	0.0%	-3.0%	-1.5%	3.6%	1.5%	-1.4%	-1.2%	3.5%
2018	1.5%	1.0%	-3.0%	2.7%	0.9%	-0.8%	0.6%	3.3%	-0.9%	-5.6%	-2.0%	-2.9%	-5.5%
2019	5.7%	4.6%	-0.1%	4.2%	-0.0%	1.0%	0.1%	-1.7%	0.5%	0.1%	3.1%	1.8%	20.8%
2020	1.5%	-4.7%	-15.9%	8.9%	4.3%	1.1%	3.1%	3.9%	2.7%	-3.5%	5.1%	3.3%	7.6%
2021	0.0%	3.1%	2.8%	3.8%	7.2%	0.0%	4.6%	1.3%	-1.1%	5.9%	1.6%	3.8%	37.7%
2022	-7.1%	-1.8%	5.3%	-1.6%	0.8%	-9.4%	7.2%	-4.6%	-3.1%	4.4%	3.1%	0.3%	-7.6%
2023	3.2%	-1.5%	-1.6%	-0.5%	-3.3%	1.8%	2.0%	-3.0%	-2.3%	-1.3%	2.3%	5.0%	0.7%
2024	-0.3%	1.4%	5.4%	1.8%									8.5%

Market Comment

April was once again a messy month for the markets. Global stock indices fell by almost 4% and only Sweden and China, of the indices the fund follows, had a positive development. The conflict in Gaza as well as tensions between Israel and Iran, with at least one of both sides possessing nuclear weapons, have caused concern throughout the world. When bond yields then rose due to more persistent inflation, the market's expectations of interest rate cuts diminished, resulting in falling rates.

US GDP came in significantly weaker than expected, with growth of only 1.6% year-on-year in the first quarter. This was almost a percentage point below expectations and the weakest growth rate in seven quarters. However, according to the Wall Street Journal's latest quarterly survey, the risk of recession in the country is 29%, which is the lowest reading in two years. This can be compared with 39% in January and 48% in October last year.

At the monetary policy announcement in early May, the Federal Reserve kept the interest rate range unchanged between 5.25 and 5.50%. During the press conference, Powell noted that inflation data for the first quarter exceeded expectations. Powell's message was thus that it will likely take longer before inflation approaches the target of 2%, which is a necessary condition for considering reductions in the policy rate.

China's rapidly growing production of electric cars and other green technologies has become a point of contention in a new trade war between the US and China. This was highlighted by Treasury Secretary Janet Yellen during her five-day visit to China and is also being exploited by Donald Trump in his election campaign. China has sharply increased its production of low-cost electric cars, solar panels and batteries just as the Biden administration has pushed through legis-

lation that supports many of these industries in the United States. Concerns are growing not only in the United States but also in Europe and Mexico that China will try to shore up its own struggling economy with a wave of exports that could undermine domestic industry.

Index	31.12.23	30.04.24	YTD
MSCI World (USD)	3'169.18	3'305.3	4.3%
STOXX50 (EUR)	4'521.65	4'921.22	8.8%
S&P 500 (USD)	4'769.83	5'035.69	5.6%
Nasdaq Comp (USD)	15'011.35	15'657.82	4.3%
Dax (EUR)	16'751.64	17'932.17	7.0%
SMI (CHF)	11'137.79	11'260.91	1.1%
OMX30 (SEK)	2'398.17	2'556.4	6.6%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	57.74	4.1%
NIKKEI (YEN)	33'464.17	38'405.66	14.8%
Swe. Gov Bond. 10 y	2.05%	2.48%	

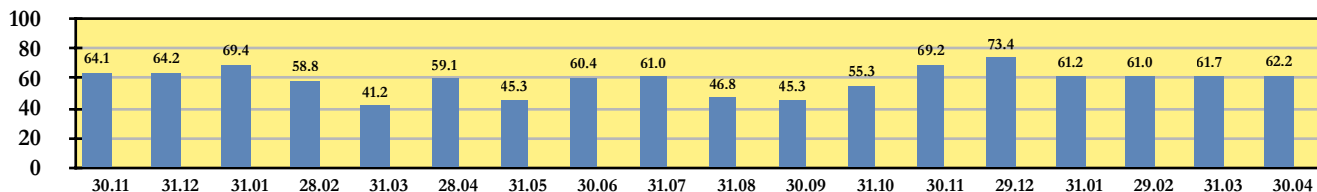
Household housing price expectations rose for the fifth month in a row. The proportion who now believe in price increases increased by four percentage points to 52 percent, which is the same level as before the Riksbank started raising the policy rate in 2022. The inflation outcome, CPIF, in Sweden landed at 2.2%, which was a full 0.5% points lower than what the Riksbank had forecast, this provided support for a turnaround. A rate cut on May 8 from 4.0% to 3.75% is now given 80% probability by the market.

All indications to the ECB cutting interest rates before the Federal Reserve. The changing interest rate forecasts in the US still cast a shadow over Europe and during the ECB's press conference, journalists were very interested in how the Fed will influence the ECB's interest rate decision. Not surprisingly, Christine Lagarde avoided giving clear answers to this question by emphasising that the ECB is "data-driven, not dependent on the Fed", while admitting that developments in the US naturally also affect Europe in several ways. As for the probability of a cut in June, it is still around 80%.

After another strong month, the short, medium and long technical trends show continued positive direction.

The strongest development of the fund's holdings during April was VNV Global, which rose by 29.7%, followed by Lundin Mining 22.3%. Other holdings that rose significantly were Embracer 20.4%, Vostok Emerging Finance 19%, AstraZeneca 15.1%, Filo Mining 13.5%, IPC 11.3%, ABB 10% and Sdipitech 8.9%.

GADD SMP FUND: Net Equity Exposure (%)



The deadly airstrike on the Iranian consulate in Damascus in early April can be considered the trigger for Iran's attack on Israel. It was the first time Iran directly attacked Israel on its own territory. According to the Israeli military, almost all drones and robots used in the attack were shot down outside Israeli airspace by Israel, with support from the United States and Britain. Israel's military has reported that a total of 170 drones and over 150 robots were fired, most from Iran. Concerns about subsequent Israeli retaliation unsettled the markets, but calm fortunately quickly returned.

On the negative side, we can mainly mention Fleming Properties, which fell -50% after the board announced its intention to make a new rights issue. JM backed off with -13.5%-, Implantica -12.5%, Indutrade -11.5%, Dometic -8.1%, RevolutionRacce -8% and Cinis Fertilizer -7.9%.

The percentage of Indutrade and Latour was reduced by -1% each to 3% and 2% respectively.

The US Senate finally passed new legislation on military aid to Ukraine, Israel and Taiwan totalling \$95 billion, of which the largest portion, \$61 billion, will go to Ukraine. The law is now being submitted to President Biden for signature and is expected to result in new shipments of weapons shortly. In addition, the law includes a ban on the app TikTok, unless its parent company ByteDance from China is sold within 360 days.

Investment strategy

With the majority of S&P 500 companies reporting first-quarter results, the earnings picture continues to brighten, while management commentaries and outlooks have been relatively positive, supporting a favourable outlook for earnings growth in 2024. Of particular interest are signs of a newfound breadth in profit growth. In the last two quarters, profits increased for the so-called "Magnificent Seven" companies by 50%, while gains for the rest of the S&P 500 were flat or down. Profit growth in the last quarter has instead been strongest in consumer durables, health care and industry. It gives support to our thesis that the current correction in the global stock markets is transitory and of a milder kind, of about 5-10%, which usually occurs once or twice a year.

The world index MSCI World (USD) fell back by -3.9% during the month. The S&P 500 in the US fell by -4.2% and the Nasdaq by -4.4%. In Europe, the STOXX50 retreated by -3.2% and the Dax by -3%. SMI fell by -4% while OMX in Stockholm rose +1.5%. The MSCI China USD increased by a whopping +6.5%, while the Nikkei in Japan fell by -4.9%.

The Swedish 10-year government bond rate rose during the month by 8 points, from 2.4% to 2.48%.

Activities of the month

The fund's net exposure in shares was initially 61.7%. After increased geopolitical unrest between Iran and Israel, we chose to reduce the equity exposure below 50%. As fears of a full-scale war subsided, we reversed our previous stance and ended the month with a net exposure of 62.2%.

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